

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 L-03 H-02 AGR-05 /065 W

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R 011130Z JUL 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 0860

INFO USMISSION EC BRUSSELS

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DEPT PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EEC,/FR

SUBJECT: HOUSE OF REPRESENTATIVES SUGAR HEARINGS AND
REQUIRED INFORMATION

REF: STATE TEL 147178

BEST ESTIMATES TO QUESTIONS IN REFTEL FOLLOW. NOTE THAT
NO STATISTICS AVAILABLE FOR RAW SUGAR AS ONLY 10 PERCENT
OF TOTAL PRODUCTION IS IN MILLS WITH FINAL OUTPUT AS RAW
SUGAR.

A. CURRENT COST OF PRODUCTION FOR REFINED SUGAR, IN-
CLUDING COST OF SUGARBEETS, IS AROUND 0.75 FF PER POUND,
ACCORDING TO ECONOMIC DIVISION OF FRENCH SUGAR PRODUCER
ASSOCIATION.

B. CURRENT RETAIL PRICE OF REFINED SUGAR IN PARIS AREA
IS 1.13 FF PER POUND.

C. VALUE OF EXPORTS IN 1974 TOTALED 1,930 MILLION FF
FOR 1,001 THOUSAND TONS, GIVING AN AVERAGE PRICE OF 0.87

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FF PER POUND.

D. REFINED SUGAR PRODUCTION INCLUDING CANE SUGAR FROM OVERSEAS TERRITORIES OF 400,000 MT COULD REACH 4 MILLION TONS UNDER FAVORABLE CROP CONDITIONS. PRODUCTION LEVEL IN 1980 DEPENDS, OF COURSE, ON EC SUGAR POLICIES AS WELL AS WORLD SUPPLY-DEMAND CONDITIONS. WITH NO SPECIAL INCENTIVES SUGAR PRODUCTION SHOULD STAY AT AROUND 4 MILLION TONS. WITH FAVORABLE DEMAND CONDITIONS INCLUDING LONG EXPORT COMMITMENTS PRODUCTION COULD RISE TO 5 MILLION TONS. IF SUGAR PRODUCTION SHOULD REACH 4 MILLION TONS IN 1975, EXPORT AVAILABILITY WOULD REACH ALMOST 2 MILLION TONS. RANGE OF EXPORT AVAILABILITIES IN 1980 IS 2 TO 3 MILLION TONS.

E. REFINED SUGARBEET PROCESSING CAPACITY ESTIMATED TO BE 3.8 MILLION TONS IN 1975 AND 5 MILLION TONS BY 1980. PRODUCTION CAPACITY EXPECTED TO INCREASE MAINLY THROUGH AN EXTENSION OF THE CAPACITY OF EXISTING PLANTS. ONE LARGE PLANT (WHICH WILL BE LARGEST REFINERY IN EUROPE) NOW UNDER CONSTRUCTION AND EXPECTED TO BE OPERATING IN 1975-76 SEASON. NOTE: FOR FURTHER INFO ON D AND E, SEE PP. 2 AND 3 OF USDA REPORT FR-5029 DATED 4/30/75.

F. GROWTH RATE OF DOMESTIC CONSUMPTION ESTIMATED AT ABOUT 1.5 PERCENT PER YEAR. CURRENT CONSUMPTION AROUND 2.1 MILLION TONS.

G. FRANCE HAS NO LONG TERM COMMITMENTS, BUT WE UNDERSTAND DISCUSSIONS ARE UNDERWAY AT EC LEVEL WITH MOROCCO AND IRAN FOR 3 TO 5 YEAR COMMITMENTS FOR 200,000 TONS YEARLY. FRENCH VERY FAVORABLE TO THESE TYPE COMMITMENTS.

H. BASIC SUGAR POLICY IS, OF COURSE, DETERMINED AT EC LEVEL. HOWEVER, GOF HAS SOME DISCRETION IN SETTING PRICES. FOR FURTHER INFO, SEE P.7 OF FR-5029.

COMMENT: PRICES AND COSTS OF PRODUCTION GIVEN IN FF PER POUND RATHER THAN US CENTS. CURRENT EXCHANGE RATE IS ONE DOLLAR EQUALS 4.0 FF, BUT THIS EXCHANGE RATE NOT LIMITED OFFICIAL USE

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APPLICABLE FOR DERIVING UNIT VALUE OF EXPORTS IN 1974. BECAUSE OF LARGE FLUCTUATIONS IN COSTS AND PRICES IN FRENCH FRANCS PLUS FLUCTUATIONS IN EXCHANGE RATES, COUNTY-TO-COUNTRY COMPARISONS FOR A FIXED PERIOD AS WELL AS OVER PERIOD OF TIME ARE OF LIMITED SIGNIFICANCE. RUSH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, PRODUCTION, US CONGRESSIONAL HEARINGS, LEGISLATIVE BILLS, TRADE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PARIS16992
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750227-1078
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750795/aaaadhew.tel
Line Count: 113
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE TEL 147178
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 23 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 APR 2003 by ShawDG>; APPROVED <22 SEP 2003 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: HOUSE OF REPRESENTATIVES SUGAR HEARINGS AND REQUIRED INFORMATION
TAGS: EAGR, FR, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006